

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 421

House Committee Substitute Favorable 8/24/98
House Committee Substitute #2 Favorable 10/15/98
House Committee Substitute #3 Favorable 10/19/98

Short Title: Homestead Property Tax Relief.

(Public)

Sponsors:

Referred to:

March 18, 1997

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE PROPERTY TAX HOMESTEAD EXEMPTION
INCOME THRESHOLD TO TWENTY THOUSAND DOLLARS WITHOUT
REIMBURSING LOCAL GOVERNMENTS FOR THE RESULTING REVENUE
LOSS, AND TO AMEND THE CONSTITUTION OF NORTH CAROLINA, IF
APPROVED BY THE VOTERS IN THE 2000 GENERAL ELECTION, TO
AUTHORIZE THE GENERAL ASSEMBLY TO ENACT LEGISLATION
ALLOWING EACH COUNTY TO, WITHOUT REIMBURSEMENT, (I)
INCREASE THE AMOUNT OF THE PROPERTY TAX HOMESTEAD
EXEMPTION FOR LOW-INCOME ELDERLY AND DISABLED INDIVIDUALS
IN THAT COUNTY AND (II) RAISE THE DEFINITION OF "LOW-INCOME" SO
THAT MORE ELDERLY AND DISABLED INDIVIDUALS CAN QUALIFY FOR
THE EXEMPTION.

The General Assembly of North Carolina enacts:

Section 1. (a) G.S. 105-277.1(a)(2) reads as rewritten:

"(2) Has an income for the preceding calendar year of not more than ~~fifteen thousand dollars (\$15,000)~~ twenty thousand dollars (\$20,000)."

1 (b) G.S. 105-309(f) reads as rewritten:

2 "(f) The following information shall appear on each abstract or on an information
3 sheet distributed with the abstract. The abstract or sheet must include the address and
4 telephone number of the assessor below the notice required by this subsection. The notice
5 shall read as follows:

6
7 **'PROPERTY TAX RELIEF FOR ELDERLY AND**
8 **PERMANENTLY DISABLED PERSONS.**
9

10 North Carolina excludes from property taxes the first twenty thousand dollars
11 (\$20,000) in appraised value of a permanent residence owned and occupied by North
12 Carolina residents aged 65 or older or totally and permanently disabled whose income
13 does not exceed ~~fifteen thousand dollars (\$15,000)~~ twenty thousand dollars (\$20,000).
14 Income means the owner's adjusted gross income as determined for federal income tax
15 purposes, plus all moneys received other than gifts or inheritances received from a
16 spouse, lineal ancestor or lineal descendant.

17 If you received this exclusion in (assessor insert previous year), you do not need to
18 apply again unless you have changed your permanent residence. If you received the
19 exclusion in (assessor insert previous year) and your income in (assessor insert previous
20 year) was above ~~fifteen thousand dollars (\$15,000)~~ twenty thousand dollars (\$20,000), you
21 must notify the assessor. If you received the exclusion in (assessor insert previous year)
22 because you were totally and permanently disabled and you are no longer totally and
23 permanently disabled, you must notify the assessor. If the person receiving the exclusion
24 in (assessor insert previous year) has died, the person required by law to list the property
25 must notify the assessor. Failure to make any of the notices required by this paragraph
26 before April 15 will result in penalties and interest.

27 If you did not receive the exclusion in (assessor insert previous year) but are now
28 eligible, you may obtain a copy of an application from the assessor. It must be filed by
29 April 15."

30 (c) This section becomes effective for taxes imposed for taxable years
31 beginning on or after July 1, 1999.

32 Section 2. Section 2 of Article V of the North Carolina Constitution is
33 amended by adding a new subsection to read:

34 "(8) Property tax homestead exclusion. If the General Assembly enacts legislation
35 classifying and excluding from ad valorem taxation part of the value of the residence of
36 each elderly or disabled individual whose income is below a maximum amount and who
37 satisfies other conditions, the General Assembly may, notwithstanding subsection (2) of
38 this section, enact a general law uniformly applicable throughout the State authorizing
39 each county to increase the portion of a classified residence's value that is excluded in
40 that county and to increase the maximum income threshold to qualify for the exclusion in
41 that county."

42 Section 3. G.S. 105-277.1 is amended by adding a new subsection to read:

1 "(a1) Local Option Increase. – The board of commissioners of a county may, by
2 resolution, increase the amount of the exclusion provided in subsection (a) of this section,
3 increase the maximum income threshold provided in subdivision (a)(2) of this section, or
4 both. An increase adopted under this subsection shall apply uniformly within the county.
5 The board of commissioners of a county may, by resolution, repeal or reduce an increase
6 adopted under this subsection, but may not reduce the exclusion or the income threshold
7 provided in subsection (a) of this section. A resolution changing the exclusion amount or
8 the income threshold within a county pursuant to this subsection shall become effective
9 no earlier than for the taxable year beginning July 1 following adoption of the
10 resolution."

11 Section 4. G.S. 105-309(f), as amended by Section 1 of this act, reads as
12 rewritten:

13 "(f) The following information shall appear on each abstract or on an information
14 sheet distributed with the abstract. If the county has increased the exclusion amount or
15 the income threshold pursuant to G.S. 105-277.1(a1), the assessor shall substitute the
16 applicable dollar amounts. The abstract or sheet must include the address and telephone
17 number of the assessor below the notice required by this subsection. The notice shall read
18 as follows:

19
20 **'PROPERTY TAX RELIEF FOR ELDERLY AND**
21 **PERMANENTLY DISABLED PERSONS.**
22

23 North Carolina excludes from property taxes the first twenty thousand dollars
24 (\$20,000) in appraised value of a permanent residence owned and occupied by North
25 Carolina residents aged 65 or older or totally and permanently disabled whose income
26 does not exceed twenty thousand dollars (\$20,000). Income means the owner's adjusted
27 gross income as determined for federal income tax purposes, plus all moneys received
28 other than gifts or inheritances received from a spouse, lineal ancestor or lineal
29 descendant.

30 If you received this exclusion in (assessor insert previous year), you do not need to
31 apply again unless you have changed your permanent residence. If you received the
32 exclusion in (assessor insert previous year) and your income in (assessor insert previous
33 year) was above twenty thousand dollars (\$20,000), you must notify the assessor. If you
34 received the exclusion in (assessor insert previous year) because you were totally and
35 permanently disabled and you are no longer totally and permanently disabled, you must
36 notify the assessor. If the person receiving the exclusion in (assessor insert previous year)
37 has died, the person required by law to list the property must notify the assessor. Failure
38 to make any of the notices required by this paragraph before April 15 will result in
39 penalties and interest.

40 If you did not receive the exclusion in (assessor insert previous year) but are now
41 eligible, you may obtain a copy of an application from the assessor. It must be filed by
42 April 15."

43 Section 5. G.S. 105-328 reads as rewritten:

1 **"§ 105-328. Listing, appraisal, and assessment of property subject to taxation by**
2 **cities and towns situated in more than one county.**

3 (a) ~~For~~ Except as provided in subsection (a1) of this section, for purposes of
4 municipal taxation, all property subject to taxation by a city or town situated in two or
5 more counties may, by resolution of the governing body of the municipality, be listed,
6 appraised, and assessed as provided in G.S. 105-326 and 105-327 if, in such a case, in the
7 opinion of the governing body, the same appraisal and assessment standards will thereby
8 apply uniformly throughout the municipality. However, if, in such a case, the governing
9 body ~~shall determine~~ determines that adoption of the appraisals and assessments fixed by
10 the counties will not result in uniform appraisals and assessments throughout the
11 municipality, the governing body may, by horizontal adjustments, equalize the appraisal
12 and assessment values fixed by the counties in order to obtain the required uniformity.
13 Taxes levied by the city or town shall be levied uniformly on the assessments so
14 determined.

15 (a1) This section does not apply to assessments of property that differ in any of the
16 counties in which the city or town is located because of a local option adjustment in the
17 homestead exclusion under G.S. 105-277.1(a1).

18 (b) Should the governing body of a city or town situated in two or more counties
19 not adopt the procedure provided in subsection ~~(a), above, (a)~~ of this section, all property
20 subject to taxation by the municipality shall be listed, appraised, and assessed as provided
21 in subdivisions (b)(1) through (b)(6), below.

22 (1) The governing body of the city or town shall appoint a municipal
23 assessor on or before the first Monday in July in each odd-numbered
24 year. The governing body may remove the municipal assessor from
25 office during his term for good cause after giving him notice in writing
26 and an opportunity to appear and be heard at a public session of the
27 appointing body. Whenever a vacancy occurs in the office, the
28 governing body shall appoint a qualified person to serve as municipal
29 assessor for the period of the unexpired term. Persons holding the
30 position of municipal assessor on July 1, 1971, shall be deemed
31 qualified to fill the position. A person appointed as a municipal assessor
32 shall meet the qualifications and requirements set for a county assessor
33 under G.S. 105-294.

34 (2) With the approval of the governing body, a municipal assessor may
35 employ testers, appraisers, and clerical assistants necessary to carry out
36 the listing, appraisal, assessing, and billing functions required by law.

37 (3) A municipal assessor and the persons employed by him have the same
38 powers and duties as their county equivalents with respect to property
39 subject to taxation by a city or town.

40 (4) The governing body shall, with respect to property subject to city or
41 town taxation, be vested with the powers and duties vested by this
42 Subchapter in boards of county commissioners and boards of
43 equalization and review. Appeals may be taken from the municipal

1 board of equalization and review or governing body to the Property Tax
2 Commission in the manner provided in this Subchapter for appeals from
3 county boards of equalization and review and boards of county
4 commissioners.

5 (5) All expenses incident to the listing, appraisal, and assessment of
6 property for the purpose of city or town taxation shall be borne by the
7 municipality for whose benefit the work is undertaken.

8 (6) The intent of this subsection (b) is to provide cities and towns that are
9 situated in two or more counties with machinery for listing, appraising,
10 and assessing property for municipal taxation equivalent to that
11 established by this Subchapter for counties. The powers to be exercised
12 by, the duties imposed on, and the possible penalties against municipal
13 governing bodies, boards of equalization and review, assessors, and
14 persons employed by an assessor shall be the same as those provided in
15 this Subchapter by, on, or against county boards of commissioners,
16 boards of equalization and review, assessors, and persons employed by
17 an assessor."

18 Section 6. The amendment set out in Section 2 of this act shall be submitted to
19 the qualified voters of the State at the statewide general election to be held in 2000. The
20 election shall be conducted under the laws then governing elections in the State. Ballots,
21 voting systems, or both may be used in accordance with Chapter 163 of the General
22 Statutes. The question to be used in the voting systems and ballots shall be:

23 "[] FOR [] AGAINST

24 Constitutional amendment authorizing the General Assembly to allow counties
25 to (1) increase the property tax exemption for a residence owned by a low-income elderly
26 or disabled person and (2) raise the definition of 'low-income' so more elderly and
27 disabled persons can qualify for the exemption."

28 Section 7. If a majority of the votes cast on the question are in favor of the
29 amendment set out in Section 2 of this act, the State Board of Elections shall certify the
30 amendment to the Secretary of State. The amendment becomes effective upon this
31 certification. The Secretary of State shall enroll the amendment so certified among the
32 permanent records of that office.

33 Section 8. The catch line of G.S. 105-277.1 reads as rewritten:

34 "**§ 105-277.1. Property ~~classified for taxation at reduced valuation.~~ tax homestead**
35 **exclusion.**"

36 Section 9. The catch line of G.S. 105-277.1A reads as rewritten:

37 "**§ 105-277.1A. Property ~~classified for taxation at reduced valuation; duties of tax~~**
38 **collectors; tax homestead exclusion; reimbursement of localities for portion**
39 **of tax lost.**"

40 Section 10. Section 1 of this act becomes effective for taxes imposed for
41 taxable years beginning on or after July 1, 1999. Sections 3, 4, and 5 of this act become
42 effective only if the constitutional amendment proposed by Section 2 of this act is
43 approved as provided in Sections 6 and 7 of this act. If the constitutional amendment is

- 1 approved, Sections 3, 4, and 5 of this act become effective when the State Board of
- 2 Elections certifies the amendment to the Secretary of State. The remainder of this act is
- 3 effective when it becomes law.